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US POLICY TOWARD ETHIOPIA

Study Pursuant to NSSM 248

Prepared and approved by the ad hoc Interdepartmental Group under the Chairmanship of the Assistant Secretary of State for African Affairs.

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[Omitted here is NSSM 248, see Document 167.]

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I. PURPOSE

The purpose of this study is to determine how the evolution of events in the Horn of Africa over the past three years has changed the assumptions upon which our policy toward Ethiopia has been based, and whether these changes warrant further alterations in our policy toward Ethiopia. The study concludes with a review of impending decisions which will have to be made regarding Ethiopia and presents the options open to us in the light of the new state of US-Ethiopian relations and of US interests in the Horn.

II. SUMMARY

What level of US involvement in Ethiopia is appropriate to our present-day interests in that country and the Horn of Africa? This question is particularly pertinent with regard to military assistance, but it is applicable across the spectrum of US programs in Ethiopia.

In the past three years, since the submission of NSSM 184, our perception of the strategic importance of the Horn has led us to continue to attempt to play an active role in the area, although our long-standing relationship with Ethiopia has changed markedly. The attitude of the revolutionary regime in Addis Ababa has severely impaired our bilateral relationship, sharply diminished our influence, cast in doubt the value of some of our objectives, and made them

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more difficult to attain. Moreover, our perception of our overall interests has been altered.

On pragmatic grounds the arguments for reducing our efforts are convincing: the presence of an unfriendly regime in Ethiopia has greatly reduced the value of our formerly unlimited but now restricted access to Ethiopian ports and airfields; our communications facility at Kagnew in Asmara is of decreasing importance to us; stability in the Horn is more fragile than ever with the impending independence of the French Territory of the Afars and Issas (FTAI); the Red Sea passage to the Mediterranean may be viewed as less important with the increasing use of supertankers; both Kenya and Sudan would probably be better associates than Ethiopia for projecting our influence in Northeast Africa, the western Indian Ocean, the Red Sea, and the Arab world.

If no real progress is made toward compensation of recently nationalized US properties, we must at some point consider whether our economic interests elsewhere in Africa do not call for such measures as those affecting trade preferences and economic aid, especially since the US reaction to EPMG nationalizations may, thanks to the OAU pressure and that of the Economic Commission for Africa, be more widely known than would otherwise be the case.

On the other hand there are a number of reasons why a reduction of our efforts in Ethiopia and the Horn might not be a sensible course. In the Horn we are confronted in Somalia with both a Soviet client state and a Soviet naval presence with shore facilities. A US disengagement, even

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partial and no matter how justifiable on other grounds, might be seen by other nations as motivated by an unwillingness to hew to a difficult course and as demonstrative of US inability to conduct a cooperative relationship with a "socialist" state. This could have a significant effect on the attitude toward us of many African states and could specifically enhance the feelings of insecurity in some of the states with whom we are associated in the region. It would also lend itself to a global perception of a US "loss" and corresponding Soviet "gain" in Africa, confirming a trend of diminishing US influence in the world. It might also encourage the Soviets and their client to act more aggressively in the region.

The added danger to regional stability posed by the forthcoming independence of the FTAI would make the psychological consequences of any US decision all the greater. We have told the French that we are ready to support them diplomatically in their efforts to effect a peaceful transition to independence for this Territory, coveted by Somalia and whose port of Djibouti handles over 50 percent of Ethiopia's foreign trade. The possibility of a Somali-Ethiopian war over Djibouti is already very real. Our disengagement from Ethiopia at this time could dishearten the French and other countries in the area, make the possibility of war all the greater, and appear to be an abdication of responsibility.

The above considerations will have to be borne in mind as we decide to what extent and on what terms to continue

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our military supply relationship with Ethiopia. We have under consideration Ethiopian requests for \$56 million worth of ammunition and for other items of military equipment of significant value. The manner in which we respond to these requests, together with the way in which we handle other aspects of our relationship of less immediate interest to the Ethiopian government, will determine the type of role we are able to play in the Horn in the immediate future. Our options, which range from substantial disengagement from Ethiopia to continued efforts to maintain influence, are set forth and analyzed in Part VIII of this study.

III. UNITED STATES INTERESTS IN THE HORN OF AFRICA

A. Past Assumptions

1. The Horn

The Horn of Africa has been considered strategically important because of its location near the Middle East oil fields, the Indian Ocean oil route, and the Red Sea passage to the Mediterranean. For this reason the US has considered it to be in its interest to be in a position to exert influence in that region, to have access to ports and airfields in the area, and to work toward regional stability.

2. Ethiopia

Our interests in Ethiopia were for many years primarily bilateral and continental: we were interested in the continued maintenance of our communications station at Kagnew in Asmara, which we acquired in 1942, and we believed that our longstanding good relations with the regime of

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Haile Selassie would redound to our benefit among the newly independent countries of Africa. In the last few years we have been interested in a cooperative relationship with Ethiopia primarily because of its strategic location on the Horn and because we wish to retain both our facility at Kagnew and the access to port and airfields inherited from the old regime.

### 3. General and Psychological

We have considered that it is in our interest to maintain an image as a steady and dependable associate in Africa and the Red Sea region, not easily swayed from a set course by temporary setbacks or ephemeral events. We also consider it in our interest to support the OAU position on the inviolability of the frontiers inherited from the colonial era.

#### B. US Policy

Our interests in the Horn have been pursued mostly through our relationship with Ethiopia, with which we have had diplomatic relations since the turn of the century. In pursuance of our bilateral and continental interests and as a tacit quid pro quo for our continued operation of Kagnew Station, we initiated in 1953 a Military Assistance Program (MAP) to Ethiopia through which Ethiopia has received from us over 50 percent of the US military grant and credit assistance provided to the whole continent (see Tab 1). We have continued this program with the present regime, even though it is far less cooperative than was Haile Selassie,

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[Omitted here are Sections IV-VI.]

VII. USG POLICY DECISIONS REQUIRED

A. Military Assistance

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The main decisions to be made in the future are:

(1) Whether or not to offer the EPMG \$10 million in FMS financing programmed for FY 77,

(2) Whether or not to pursue the Administration's plan to request from Congress a similar amount of FMS financing for Ethiopia in FY 78,

(3) At what level to continue cash sales of military equipment, especially after MAP terminates in FY 77 and in the event FMS financing is not offered or is offered and rejected by the EPMG in FYs 77 and 78.

The question of cash sales is most immediately raised by the outstanding EPMG request for \$56 million worth of ammunition. Our options range from denying the ammunition request to approving it in part with specific conditions attached, or approving it in full.

B. Economic Assistance

In the field of economic assistance a decision in principle should be made on how hard we want to press our aid on the Ethiopians. We can simply wait for them to make specific requests and respond positively if the requested projects fall into traditional patterns, or we can actively proffer our aid to the EPMG, trying to find out where it most needs and wants our assistance and fitting our program to their desires. In the latter case we would contribute to a project as long as it was within the Congressional guidelines.

without insisting on participation in the planning and, within reason, regardless of our own views as to feasibility or utility. The latter approach would be an earnest of our position that, regardless of our political disagreement, we retain our traditional interest in the welfare of the Ethiopian people and share the EPMG's desires to improve it.

C. General Relations

Although the tenor of our political relations with the EPMG will be largely set by the decisions we make on military assistance, some decision in principle should still be made on how we wish to use our remaining influence in that country, and the attitude we wish to take toward the EPMG. Until now our policy has been to project an image of steadiness and dependability, not deterred by the inner convulsions of the EPMG or its unfriendly actions, in the interest of retaining some influence and some residue of our previous close relationship. If we decide to adjust our programs to our reduced interests in Ethiopia, we may wish to project an attitude of less interest, maintaining our willingness to have good relations but making it clear that this is no longer of such overriding importance to us.

Such a change in the US posture could have effects on the internal Ethiopian scene. The hitherto quiescent moderate opposition could take heart from a visible estrangement between the US and the EPMG and try to affect the EPMG's

policies or bring about a change in leadership. However, in doing so it might also bring about brutal EPMG retribution. It is also possible that the estrangement might have the opposite effect and make the moderates lose all hope.

D. Kagnev and AmConGen, Asmara

At some time within the next year, if arrangements can be made to permit the closing of Kagnev Station, we will have to decide how and at what moment to close it down and whether to maintain our Consulate General at Asmara.

VIII. OPTIONS

The many American and joint activities involved in American-Ethiopian relations make a variety of options possible for the immediate future of this old relationship. Three options are listed in this paper for illustrative purposes, but they do not exclude other combinations of actions and positions which would adjust our relations in keeping with the developments and the changes in our interests which have occurred over the past three years.

A. Continuation of Present Policy

This option would consist of continuing our policy of steadiness and support for the EPMG. We would continue to be as forthcoming as possible to their requests for military and economic assistance, without unusual or onerous conditions. This would not exclude straight talk about issues on which we disagree and protest when necessary in keeping with

our current practice, but we would not let disagreements or lack of cooperation affect our programs. Under this option we would:

- offer \$10 million in FMS financing in FY 77;
- continue cash sales of military equipment, virtually without limit;
- comply substantially with the EPMG's request for the purchase of \$56 million worth of ammunition;
- cease MAP in FY 78 but again include the currently projected \$10 million in FMS financing for FY 78;
- offer further FMS credits at the normal interest rate;
- actively seek ways of contributing to Ethiopia's economic development, if possible, foresaking some of our usual procedural conditions for participation;
- delay closing Kagnew notwithstanding termination of military requirements for the station and maintain our Consulate General in Asmara;
- delay the planned reduction of MAAG and the downgrading of the MAAG Chief;
- continue to seek compensation for expropriation of investors as an effort to assist U.S. citizens, rather than as a challenge to U.S. economic interests, by arranging appointments but not threatening the withdrawal of economic benefits, e.g., trade preferences, bilateral assistance and support for International Financial Institutions loans.

Pro

- This would demonstrate our willingness to do our part in the interest of good relations and place the onus on the EPMG for any further deterioration.
- It might help to retain the possibility of exerting some moderating influence on the EPMG.

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-- It might help keep up the morale of moderate Ethiopian elements which look for a change in the country's leadership and policies.

-- It would provide us with a better position than the other alternatives for making our views on the FTAI, Eritrea and Somali-Ethiopian relations known to the EPMG and to other interested countries.

-- It would represent a show of steadiness and tolerance which might benefit us with other African and nearby countries.

-- It might help restrain Somali ambitions, thereby contributing to regional stability.

Con:

-- It would encourage the EPMG to think that it can continue to disregard our wishes with little effect on our actions toward Ethiopia.

-- We could be vulnerable to criticism that our policy is drifting with no policy goal in mind.

-- A low key protection of U.S. investor interests may be perceived by the EPMG -- and other African states -- as an abandonment of our economic interests. Congress may force an aid cutoff if the investment disputes drag on.

-- We would also be seen as inflexibly pursuing policies after they had been shown to be ineffective, and after the premises for the policies had disappeared.

-- It could contribute to Ethiopian over-confidence leading to intransigence on the FTAI and Djibouti issues.

-- In the event of Somali-Ethiopian hostilities, the

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conflict could be seen as one between US and Soviet client states, thus imposing strain on detente.

-- It would keep us associated with a regime whose reputation on civil and human rights is poor, particularly with regard to the Eritrean insurgency.

-- It would leave us open to charges of providing weapons which have been turned on innocent civilians.

-- Our continued backing of the EPMG might discourage the remaining Ethiopian moderates from any efforts to affect the course of events in Ethiopia.

-- It would impose militarily unjustifiable costs on DOD to retain Kagnew or to refrain from reducing MAAG staffing.

B. Disengagement from Ethiopia

Under this option we would lessen our involvement in Ethiopia in keeping with the perception of our diminished interests, anticipating and even accelerating the gradual estrangement which is already in process as described in Part V D. We would be passive in our contacts with the EPMG, still discussing our differences and protesting when necessary, but letting it be known that lack of EPMG cooperation is no longer a matter of great concern to us. We would seek to compensate for our reduced presence in Ethiopia by building up our new military relationship with Sudan and Kenya. Regarding our programs in Ethiopia we would:

-- not offer the \$10 million in FY 77 FMS financing and not include the currently projected \$10 million in FMS financing for FY 78.

-- give only minimal compliance to EPMG requests for cash sales of military equipment, tacitly encouraging it to go elsewhere for its needs;

-- provide only a small fraction of the \$56 million worth of ammunition requested by the EPMG;

-- be passive in the economic development field, letting the Ethiopians come to us for assistance and providing it on our usual terms with no effort to meet their special needs or wants;

-- close Kagnev as soon as we can find a location for Mystic Star, and the Consulate General in Asmara as soon thereafter as practicable;

-- accelerate the reduction of MAAG and the downgrading of MAAG Chief;

-- consider the termination of trade preferences and our bilateral aid program and the opposing of International Financial Institutional lending to Ethiopia, if U.S. investors in nationalized companies do not receive effective compensation.

Pros:

-- It would show other countries that they cannot treat us in cavalier fashion and still expect our support.

-- It would lessen our responsibility for and possible involvement in the settlement of the FTAI question.

-- It would disassociate us from the ill-reputed EPMG.

-- It would virtually eliminate the possibility of our being seen as the "protector" of a state that might become involved in an encounter with a Soviet client state.

-- It could encourage moderate Ethiopian elements to act against the present leadership.

-- It would absolve us of responsibility for Ethiopian actions in Eritrea.

Cons:

-- It would eliminate whatever moderating influence we might still exert on the EPMG.

-- It might lead the moderate Ethiopian opposition to rash action, resulting in its decimation, or it might completely discourage it.

-- It might be portrayed as a retreat in the face of the danger of war over Djibouti, and reduce our influence in the area.

-- It would signal a U.S. recognition of the lessened strategic significance of the Horn, and thus reduce our influence in the area.

-- It could be resented by the French with whom we are consulting on the FTAI question and to whom we have offered use of our influence on the EPMG and on other countries in the area.

-- It might make Somalia more reckless in pursuing its designs on Djibouti, increasing the danger of war.

-- It could endanger the sizeable American community in Ethiopia.

-- It might signal lack of steadfastness in the face of a possible landgrab by a Soviet client state.

-- It could be attributed in some quarters to petty vindictiveness over disagreement on ideological matters with the EPMG.

-- It might make the US seem an unsteady and vacillating associate to those countries - Kenya, Sudan - now seeking closer ties with us.

-- It might lead to the establishment of a larger Soviet sphere of influence in the Horn which would enhance the sense of insecurity of friendly African countries, especially Kenya and Sudan, and of the more conservative Arab states. It would also be perceived globally as an advance for the Soviets at US and western expense.

-- U.S. investors would probably lose any possible opportunity to obtain compensation.

C. The Middle Course

There are various policies which can be formulated that fall between the extremes represented by A and B. They would involve different degrees of forthcomingness in the military supply and economic assistance fields, conditions placed on our aid, and a variety of ways in which we would handle our political relations with the EPMG. If such a middle course were adopted, the exact mix of our actions and approaches to the EPMG could be determined and changed as the situation evolved. We would also look to our new military relationships with Kenya and Sudan as eventual fallback positions in case of need. Broadly speaking we would:

-- continue with military cash sales to the EPMG, but only fulfill part of their request;

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-- approve only a part of their \$56 million ammunition request and make deliveries in phases with pauses in between, implicitly or explicitly timed in keeping with demonstrations of improved EPMG behavior.

-- allow Kagnev to close in an orderly fashion when it is no longer needed but maintain our Consulate General in Asmara.

-- allow the MAAG reduction and the downgrading of the MAAG Chief to occur next summer.

-- offer the \$10 million in FY 77 FMS financing but not include the currently projected \$10 million in FMS financing in FY 78.

-- balance our reduction of military shipments by making clear to the EPMG at the political level our willingness to help in its social welfare objectives and invite it to seek our assistance in projects of importance to it.

-- attach conditions to our continued military shipments or accompany our provision of military equipment with strong recommendations regarding:

- the need to respect human rights,
- the need to vigorously pursue a negotiated settlement in Eritrea,
- the need to cooperate with the French and the moderate Arab states on a settlement of the Djibouti question,
- the need to compensate U.S. investors fairly.

Pros:

-- Would represent a reasonable scaling down of our involvement with the increasingly uncooperative EPMG, particularly in the military field where we are most vulnerable, without appearing to be a retreat under pressure.

-- Would serve notice on the EPMG that it must give consideration to our views - especially on Djibouti and Eritrea - if it wants any kind of cooperation to continue.

-- Would maintain some basis for influence on the EPMG and other countries in the area concerning the FTAI.

-- Would avoid encouraging the Somalis to think that we were pulling out and that they could therefore act with impunity.

-- Would avoid discouraging the moderate Arab states.

-- Would avoid discouraging completely the moderate opposition in Ethiopia or encouraging it to rash action.

-- Would avoid giving the Soviets an open opportunity to replace us in Ethiopia, and thereby prevent the perception in Africa and globally of an ascendant USSR and a declining US.

-- Would probably avoid adverse reactions in Kenya, Sudan, and Saudi Arabia and would avoid sending the PRC a discouraging signal on US steadfastness in Africa.

-- Would maximize the likelihood that U.S. investors will be compensated and will be seen as a strong U.S. stand by other African states.

Cons

-- Could still be pictured as a partial US retreat or the continuation of a naive association with the unpopular EPMG.

-- Would delay but not necessarily deter the EPMG from seeking to replace us as their primary arms supplier with a Communist supplier.

-- Would delay but not necessarily prevent over the long-term the achievement by the Soviets of a free hand in the Horn of Africa.

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